GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:405
ANSWERED ON:26.04.2016
Benefits of Fertilizers Subsidy
Patel Shri Devji Mansingram

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS & FERTILIZERS be pleased to state:

(a) whether as per the Economic Survey 2015-16 only one third of the subsidy on fertilizers including urea percolates down to the farmers and the remaining two third goes missing;

(b) if so, the details thereof;

(c) whether the benefits of urea subsidy (which was more than 72400 crore last year) accrues to the fertilizer companies and not to the farmers;

(d) if so, the details of the total amount of subsidy on fertilizers during the last three years, fertilizer, company and State-wise;

(e) the details of the measures taken by the Government to provide maximum benefits of fertilizer subsidy to farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS

(SHRI HANSRAJ GANGARAM AHIR)
(a) & (b): As per the Economic Survey 2015-16, Volume I, Chapter 9 only 35% of the urea subsidy percolates down to the intended beneficiaries, small and marginal farmers. The details of the three types of leakages are (i) 24% is spent on inefficient urea producers (ii) of the remaining 41% is diverted to non-agricultural uses and abroad (iii) of the remaining 24% is consumed by larger farmers.

(c)&(e) : The MRP of Urea is statutorily controlled by the Government and at present it is Rs. 5360 per tone (exclusive of the central excise duty, central sales tax, countervailing duty, the sales tax and other local taxes wherever levied) w.e.f 1st November, 2012. The difference between the delivered cost of fertilizers at farm gate and MRP payable by the farmer is given as subsidy to the fertilizer manufacturer/importer by the Government of India.

(d) : The State/UT-wise subsidy paid figures are not available as the subsidies are released to fertilizers companies. Company-wise details in respect of imported Urea are not available as urea is being imported on Government account. The subsidy released during the last three years fertilizers-wise is given at Annexure-I and company wise for indigenous urea, imported and indigenous P&K fertilizers is given at Annexure-II.

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